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Pandemic Results in Surge of Buyers to Colorado's Mountain Communities

Low inventory, high demand, and prices at record levels. That has been the common refrain since the COVID-19 pandemic began early last year when buyers began taking advantage of record low interest rates and moved out of their apartments or upgraded to larger homes. With many buyers having the luxury of working remote since the beginning of the pandemic, they have more flexibility than ever before in where they can live.

Much of the focus has centered on buyers fleeing the cities for the suburbs; however, states offering wide open spaces and natural beauty are seeing an influx of new faces. In Colorado, towns with mountain views have become beehives of activity as real estate agents show prospective buyers an ever-dwindling supply of properties.

It is too soon for U.S. Census data and federal tax returns to reveal population changes in Colorado's mountain counties over the past year. However, surveys from moving truck companies provides insight into how Colorado fared last year.

In January 2021, U-Haul released its 2020 migration trends report that tracks how many U-Haul vehicles enter a state versus how many leave it each calendar year. It found Colorado ranked sixth.

Last month, United Van Lines also has released their own 2020 national migration study in which they asked why Americans moved. For those relocating to Colorado, new residents cited the following reasons:

- Desire to be closer to family – 32.65%
- Change in employment status or work arrangement (including ability to work remotely) – 32.65%
- Lifestyle change or improved quality of life – 20.18%
- Retirement – 17.46%
- Personal and family health and wellbeing – 6.58%

Whether it is Telluride, Vail, Steamboat Springs or other mountain communities, REALTORS® have moved at a breakneck pace.

"The Telluride market was having a normal good year until March 14th when the governor closed all the ski areas in Colorado. During April and May, sales volume was mostly the closing of transactions that were already in escrow. Then

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about mid-June it was if the flood gates had opened," said Telluride-area REALTOR® George Harvey. "Personally, I had 12 buyer referrals in 10 days. That's unheard of given the price points of Telluride real estate. Starting with August, every month set a record by more than double any other previous month through December."

He added, "In Telluride, the 2007 annual sales volume was $756 million. Our best year through 2019 ever. The 2020 sales volume was $1.16 billion."

"To put inventory in perspective, in 2010 at the end of the year there were approximately 1,600 listings in the Telluride MLS. On December 31, 2020, there were 344 properties listed for sale," Harvey said.

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"The second half of the year did approximately $2.1 billion in volume, which is greater than the any year in total for the past five years," Budd said. "We have driven our inventory to a record low status, and in the opening up to the mid-range pricing niches days on market have dropped dramatically. The upper range of price niches are closer to traditional norms."

In 2020, there were 856 single-family homes sold in Vail compared with 667 in 2019, an increase of 28.3 percent. The median sale price was up 33.9 percent, $1,161,582 in 2020 versus $867,200 the previous year – a 33.9 percent increase. Townhouse and condo sales went up 20.4 percent, with 887 units sold in 2020 versus 737 in 2019. The median sales price was $700,000 compared to $627,500 in 2019 – an increase of 11.6 percent.

Steamboat Springs-area REALTOR® Marci Valicenti said, "Our market has been in a declining inventory situation for years. The pandemic was a decision maker: if you weren't happy in your home before the pandemic then that feeling was accentuated every day of quarantine. People decided they needed home offices, yards, more square footage, better square footage or a different location all together."

Steamboat Springs saw 418 single-family homes sold in 2020, up 25.5 percent from 2019 when 333 homes were sold. The median sales price stood at $840,700, up from $750,000 – a 12.1% increase. There were 614 condos and townhouses sold last year compared to 525 in 2019. The median sales price for condos increased from $427,000 in 2019 to $489,950 in 2020 – a 14.7 percent increase.

Budd and Valicenti described purchases in Vail and Steamboat Springs as being a mixture of primary and second homes.

"We have seen a significant upgrade from smaller second homes to larger, more permanent residences. Working remotely has definitely been a factor in purchasing," Budd said.

"Our buyers are 50 percent primary and 50 percent second home buyers. Some, but not many, sellers are sympathetic to locals who are trying to obtain 'affordable' housing during multiple-offer situations," said Valicenti.

In Telluride, however, many buyers are still purchasing second homes.

"They are using them for much longer periods of time. Those homes also may become their permanent residence," Harvey said.

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Harvey said Telluride's location and infrastructure has resulted in those with second homes to wait out the pandemic while working remotely.

"Smaller crowds, outdoor spaces, and recreation make it easier for homeowners to keep safer from COVID. And, of course, the internet has made work from anywhere possible," he said. "Many people were forced to work from their homes; they have now learned they like that arrangement because it can be combined with outdoor recreation. This forced trend is probably here to stay to some degree…many don't want to fight the traffic back home."

Valicenti has seen a similar situation play out in Steamboat Springs.

"When the pandemic hit in March, there were many second homeowners in town who decided not to go back to their primary residence for several months. We have definitely seen many of these second homeowners take advantage of being able to work remote and staying for longer periods of time," she said.

Buyers in these three areas spanned a mix of in-state and out-of-state, with Vail and Steamboat Springs being popular with existing residents.

Budd said in Vail approximately 50 percent of the buyers are local, with 20 percent from Front Range, 30 percent from other states and one percent from foreign countries. He said the top five states buyers came from are Texas, Florida, Illinois, California, and New York, with 72 percent of the sales from those five states coming from just Texas and Florida.

"I believe the migration from urban to mountain is a factor in all the key markets, but even more so in the bottom three," he added.

Valicenti said, "Fifty percent of our buyers are local. Of the remaining 50 percent, 25 percent are from the Front Range and 25 percent are from out-of-state."

She also said Steamboat Springs buyers are a mix of those who are coming from an urban environment as well as those who are already living in a rural or suburban surroundings.

"People come to Routt County because of the lifestyle, all the recreational activities that we have, and the abundance of private and public lands that surround us! Our buyers like the fact that we are not on the I-70 corridor and that we don't get day traffic," she added.

Harvey said the top three states from which Telluride's buyers came were Texas, Arizona, and California. And the top three cities from which buyers came were Austin, Dallas, and Houston.

"The dollar volume of Texas buyers was almost the same amount of the next six states. Let's just say the attraction of cool summers for recreation in Colorado is very appealing if you live in a state that is pretty toasty in the summer," he said.

It could be months or years before we know if COVID-19 has created a permanent population shift in Colorado's mountain communities. However, this much is certain in the immediate future: the attraction of having a home surrounded by mountains, whether it's a primary or secondary home, shows no signs of abating.